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## ✓ Latest release

# Workplace relations

## Labour Statistics: Concepts, Sources and Methods

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Close

Workplace relations can be regarded as the relationships and interactions in the labour market between employers and employees (and their representatives), and the intervention in these relations by governments, government agencies and tribunals (e.g. Fair Work Commission).

The field of workplace relations is complex and diverse and, for statistical purposes, is not easily measured. The ABS collects information on a number of topics to provide an insight into the state of the workplace relations environment. This section discusses statistics on: the different methods that are used to set pay of employees in Australia (such as award only, collective agreements and individual arrangements); trade union membership; and industrial disputes. Where they exist and are relevant, international guidelines relating to these statistics are also outlined.

## Methods of setting pay

Statistical measures relating to how employees' pay is set (such as award only or through an agreement) are used to monitor the effects of industrial and workplace relations reforms and wages policy.

## Concepts and International Guidelines

A collective agreement is defined as:

"...a written agreement concluded between one or more employers or an employers' organisation on the one hand, and one or more workers' organisations of any kind on the other, with a view to determining the conditions of individual employment, and in certain cases, to the regulation of other questions relative to employment".

[International Labour Organization, 3rd ICLS, 1926 \(http://ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/WCMS\\_221510/lang--en/index.htm\)](http://ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/WCMS_221510/lang--en/index.htm)

International guidelines on the production of statistical measures on how pay is set concern collective agreements (ICLS 1926) and relate to the numbers of, contents of, and employee coverage of collective agreements.

## **Definitions used in ABS surveys**

The ABS does not collect statistics on the numbers or contents of collective agreements as defined by ICLS guidelines described above. However, data about pay setting methods are collected in the ABS Survey of Employee Earnings and Hours (EEH) biennially from May 2000 onwards. The definitions associated with these methods are outlined below.

The survey identifies the main methods used to set pay for employees in Australia, and estimates the proportion of employees who had their pay set using each method. The methods used to set pay identified in the survey are:

- award only
- collective agreement
- individual arrangement

Owner managers of incorporated enterprises determine their own rate of pay. An incorporated enterprise is a business entity which is registered as a separate legal entity to its members or owners (also known as a limited liability company). Owner managers of incorporated enterprises are presented separately in estimates by Method of setting pay. Where owner managers of incorporated enterprise are not separately classified, they are included within the Individual arrangement category.

Employees are classified to the award only category if they are paid at the rate of pay specified in the award, and are not paid more than that rate of pay. Awards are defined as legally enforceable determinations made by Federal or State industrial tribunals or authorities that set the terms of employment (pay and/or conditions), usually in a particular industry or occupation.

Awards have been the traditional way of setting minimum pay and conditions in Australia, and provide a safety net for employees. Employees on 'over-award' pay (i.e. paid at a certain amount or percentage above the rate of pay specified in an award) are classified as having their pay set by an unregistered individual arrangement. Under the current workplace relations system established by the Fair Work Act (2009), Fair Work Australia determines the minimum pay and conditions of employees in the national workplace relations system (federal jurisdiction) through modern awards. The minimum wage of each modern award is reviewed annually.

Employees who have a collective agreement with their employer, which sets the main part

of their pay, are classified as having their pay set by a collective agreement. A collective agreement is defined as an agreement between an employer (or group of employers) and a group of employees (or one or more unions or employee associations representing the employees). A collective agreement sets the terms of employment (pay and/or conditions) for a group of employees. Collective agreements are further classified as registered or unregistered, reflecting whether they are registered with a Federal or State industrial tribunal or authority.

There are some differences between the international definition of collective agreement and that used in the EEH:

- the definition of collective agreements outlined in the international guidelines is broader than the definition used in the EEH. The international definition encompasses both collective agreements and awards as defined in the ABS survey; and
- the definition of collective agreements outlined in the international guidelines is restricted to written agreements, whereas the survey definition includes both written and verbal agreements.

Employees who have an individual agreement, contract or other arrangement with their employer, which sets the main part of their pay, are classified as having their pay set by an individual arrangement. An individual arrangement is defined as an arrangement between an employer and an individual employee on the terms of employment (pay and/or conditions) for the employee. Common types of individual arrangements are individual contracts (which are not allowed to be made under the Fair Work Act), letters of offer and common law contracts. An individual contract (or letter of offer) may specify all terms of employment, or alternatively may reference an award for some conditions and/or in the setting of pay (e.g. over-award payments).

## **Data sources**

Statistics on the characteristics of employees, their earnings and how their pay is set, for each of the methods of setting pay (award or pay scale only, collective agreement, and individual arrangement), are currently produced from the biennial ABS business survey, the Survey of Employee Earnings and Hours. For more information on the content and collection methodology of this survey, see the [Employee Earnings and Hours, Australia methodology \(/methodologies/employee-earnings-and-hours-australia-methodology/may-2021\)](https://www.abs.gov.au/methodologies/employee-earnings-and-hours-australia-methodology/may-2021).

## **Numbers and contents of awards and collective agreements**

The ABS does not collect statistics on the numbers or contents of collective agreements, as defined by ICLS guidelines described above. However, information of this type is available

from other sources for collective agreements available under various State and Federal industrial relations jurisdictions. The amount and type of information available varies significantly, and readers should note that statistical measures produced are not necessarily consistent with international statistical guidelines or other ABS measures of the economically active population.

Measures of numbers of awards and collective agreements that have been arbitrated, certified or registered with industrial tribunals are often published in the annual reports of the various State and Federal industrial relations tribunals. They are generally restricted to the numbers of award or pay scale only and collective agreements registered over a given reference period, and may also include details of the numbers of award or pay scale only and collective agreements currently in force and not replaced, and details of employees covered at registration date. Details of the numbers, employee coverage, wage outcomes and contents of certain types of collective agreements are also available from the Australian Centre for Industrial Relations Research and Training, the Commonwealth Department of Employment (Federal certified agreements) and, from time to time, the equivalent State government departments.

### **Federal Modern Awards**

From May 2021, the award codes for federal modern awards have been included in the EEH detailed microdata in the ABS DataLab. Award codes have been sourced from the Fair Work Commission and labelled using the trimmed final digits. The award code excludes modern enterprise awards, state ,reference public sector awards, employees paid via state jurisdictions awards and non-releasable award names.

This award code data can provide a rich set of employee characteristics within each federal modern award. Employment estimates, however, for finer level method of setting pay categorisations (e.g. for specific federal modern awards or at the federal/state level) may not be reliable and should only be used as a general guide. EEH is not specifically designed for this use. The two-stage sample selection of employees increases the variability of estimates at these finer levels.

### **Trade union membership**

Union membership in Australia has declined since the mid-1970s. The changing workplace relations environment is one of the key factors in the decline in trade union membership. Another factor is the change in the composition of the labour market, with a decline in jobs in the industries and types of employment (full-time permanent) that were traditionally highly unionised.



## Concepts and definitions

A trade union is defined as an organisation consisting predominantly of employees, the principal activities of which include the negotiation of rates of pay and conditions of employment for its members.

There are no international recommendations or guidelines relating to statistics on trade union membership. Since August 2014, numbers of employees who are members of a trade union are collected on a two-yearly rotating basis from the Characteristics of Employment Survey (COE), a supplementary survey to the Labour Force Survey (LFS). Prior to August 2014, trade union membership was collected from the Employee Earnings, Benefits and Trade Union Membership (EEBTUM) Survey.

## Data sources

Estimates of the number and proportion of employees who are trade union members, and the duration of and time since an employee was previously a trade union member, are produced every two years from the Characteristics of Employment Survey.

## Industrial disputes

### International concepts and guidelines

International guidelines define labour disputes as:

"...a state of disagreement over a particular issue or group of issues over which there is conflict between workers and employers or about which grievance is expressed by workers or employers, or about which workers or employers support other workers or employers in their demands or grievances."

[International Labour Organization, 15th ICLS, 1993 \(http://ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/WCMS\\_214299/lang--en/index.htm\)](http://ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/WCMS_214299/lang--en/index.htm)

Labour disputes comprise strikes, lockouts and other types of action in which workers may be involved. Involvement may be direct or indirect: for example, workers may participate directly in strike by stopping work, or indirectly if they are prevented from working because of the strike. Secondary effects of action due to labour disputes are excluded from measures of disputes.

International guidelines define strikes as:

"...a temporary work stoppage affected by one or more groups of workers with a view to

enforcing or resisting demands or expressing grievances, or supporting other workers in their demands or grievance".

Lockouts are defined as:

"...a total or partial temporary closure of one or more places of employment or the hindering of the normal work activities of employees, by one or more employers with a view to enforcing or resisting demands or expressing grievances, or supporting other employers in their demands or grievances."

[International Labour Organization, 15th ICLS, 1993 \(http://ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/WCMS\\_214299/lang--en/index.htm\)](http://ilo.org/global/statistics-and-databases/meetings-and-events/international-conference-of-labour-statisticians/WCMS_214299/lang--en/index.htm)

Other types of action are defined as "actions affected by one or more groups of workers or by one or more employers, with a view to enforcing or resisting demands or expressing grievances, or supporting other workers or employers in their demands or grievances, in which there is no cessation of work". Other types of action include work bans, go slows, work limitations etc. Secondary effects are "the effects on other establishments where workers are prevented from working or their work is disrupted, or the effects on other groups of self-employed workers who are prevented from working or whose work is disrupted". Examples of secondary effects include stand-downs because of lack of materials, disruption of transport services, and power shortages.

The international guidelines recommend a core set of statistical measures of disputes be collected, and that these be supplemented or extended by additional measures as appropriate. The core set of statistical measures should cover all strikes and lockouts, and all employees directly involved. Other types of industrial action and the self-employed are not core and should only be included where relevant. Measures of strikes and lockouts that should be collected include: numbers and duration of strikes and lockouts; and both numbers of workers involved and amounts of time lost by workers involved. Where possible, data relating to strikes and lockouts should be collected, compiled and presented separately.

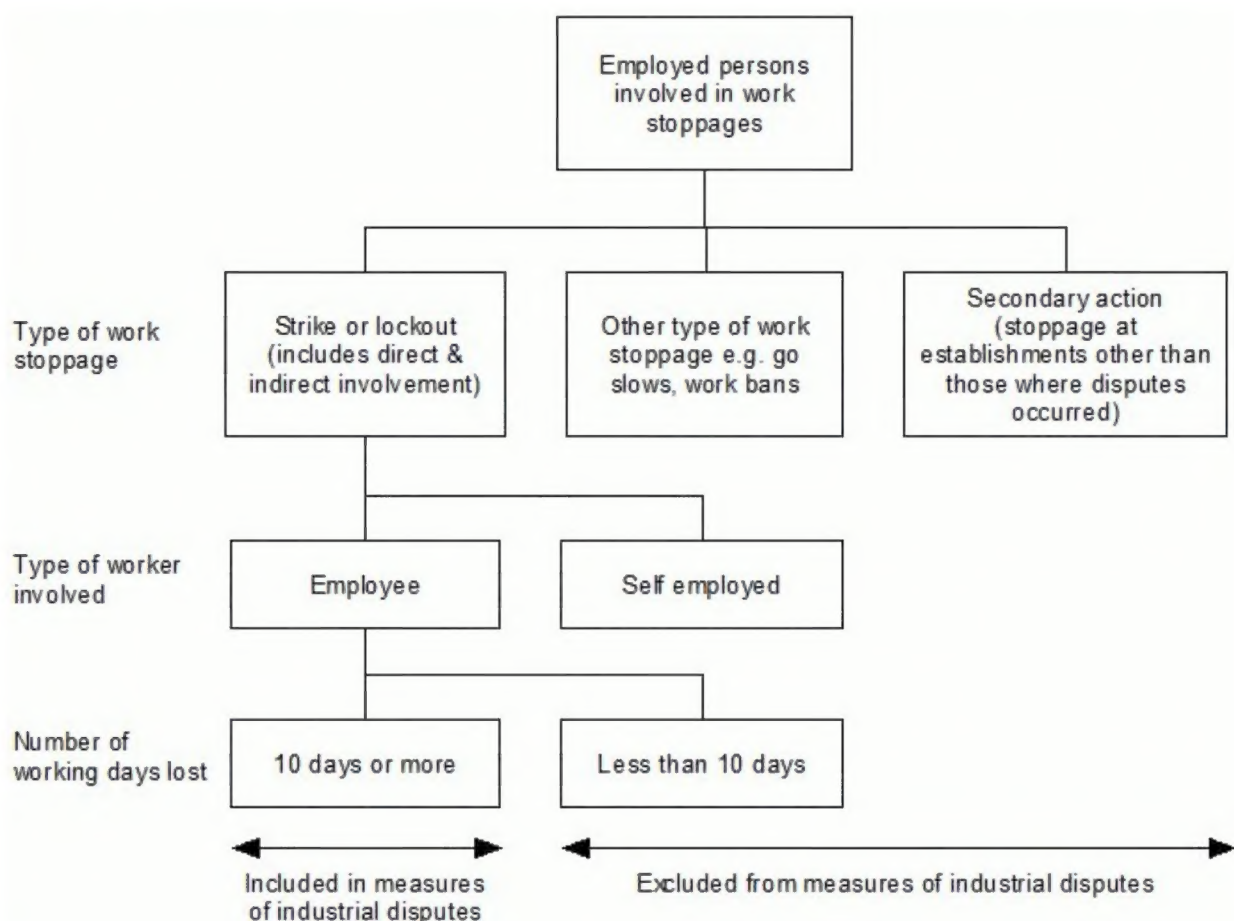
## **Definitions used in ABS Industrial Disputes collection**

Statistics on industrial disputes are collected by the ABS on a monthly basis in the Industrial Disputes collection and released for a quarterly reference period. Statistics on disputes in this collection are, as much as possible, based on the concepts and definitions outlined in international guidelines. The term 'industrial dispute' is defined more narrowly than in the international guidelines and refers to only 'strikes' and 'lockouts'. An industrial dispute is defined as "a state of disagreement over an issue or group of issues between an employer

and its employees, which results in employees ceasing work. Industrial disputes comprise strikes, which are a withdrawal from work by a group of employees; and lockouts, which are a refusal by an employer or group of employers to permit some or all of their employees to work".

The ICLS definitions of strikes and lockouts explicitly mention the temporary nature of the stoppage or closure, and disputes in support of other workers. However, while neither of these issues is explicitly included in the ABS definition, both are applied in the collection of statistics. Statistics on industrial disputes are restricted to stoppages of work of ten working days or more and exclude both 'other forms of action' and the 'self-employed'. The number of working days lost is defined as the total amount of ordinary time lost by employees on strike or locked out, regardless of the length of the stoppage. Statistics include direct and indirect involvement at the locations where the stoppages occurred, but exclude secondary effects of industrial action (e.g. stand-downs at other locations because of lack of materials).

### Types of Disputes Included in the ABS Industrial Disputes Collection



Other data collected in the Industrial Disputes collection include:

- Cause of dispute - relates to the main cause of stoppages of work, and not necessarily all



causes that may have been responsible for work stoppages. Initially, the classification of cause of dispute identifies whether a dispute occurred during a process of workplace/ enterprise bargaining. Disputes are then further classified according to the main cause of the dispute. Causes include: remuneration; employment conditions; health and safety; job security; managerial policy; and union issues.

- Working days lost per employee involved - for an individual dispute, defined as the average number of working days lost per employee involved in the dispute. It is calculated by dividing the number of working days lost in the dispute by the number of employees involved (both directly and indirectly).
- Employees directly involved in a dispute - those who actually participated in the dispute in order to enforce or resist a demand or to express a grievance.
- Employees indirectly involved in a dispute - those who were stood down at the location where the dispute occurred, but who were not themselves parties to the dispute. Employees who were stood down at locations other than those where the dispute occurred are excluded.
- Employees newly involved in a dispute - for a new dispute, comprise all employees involved and, for an ongoing dispute, those involved for the first time.
- Total employees involved - comprises employees newly involved and, for an ongoing dispute, those who continue to be involved. Total employees involved for any period of time is obtained by adding together the number of employees involved in each dispute for the period.
- Reason work resumed - relates to the reason(s) for ending the stoppage of work, and not necessarily to the reason(s) for settling all matters in the dispute. Reasons include: negotiation without intervention of a third party; State legislation; Federal legislation; pre-determined return to work; resumption without negotiation; and mediation.
- Working days lost - refers to working days lost by employees directly and indirectly involved in the dispute. Estimates of working days lost per thousand employees are calculated for a quarterly period by dividing the total number of working days lost in the period by the total number of employees in the Australian workforce in the period (obtained from the ABS Labour Force Survey) and multiplying by 1,000.

## Data sources

ABS statistics on industrial disputes are released each quarter in [Industrial Disputes, Australia \(/statistics/labour/earnings-and-work-hours/industrial-disputes-australia/latest-release\)](#). Readers should refer [Industrial Disputes, Australia methodology \(/methodologies/industrial-disputes-australia-methodology/jun-2021\)](#) for more detail on the content and methodology of this collection.